

September 9, 2015

**To: Rita Silva, Miami-Dade County**  
**From: Public Financial Management**  
**Re: Financial Review of RFP00096-CNG Program for Miami-Dade Transit**

---

The following spreadsheet summarizes the financial components of the three bidders' (Clean Energy, Trillium, and Nopetro/OHL) submissions for RFP00096-CNG Program for Miami-Dade Transit. All fees, costs, or other financial commitments noted here have been taken directly from each bidder's original written response to the RFP (submitted in late September or early October of 2014). This analysis distinguishes between bidders' proposed fees, facility costs, or royalty contributions that are within their control and for which they can be held accountable, and those projected or estimated elements of their financial proposals that are subject to market conditions or beyond their control, such as interest rates on borrowed funds, the cost of CNG fuel or electricity, or the volume of third-party sales. Bidders' financial results that reflect projected/estimated costs or volumes are the third financial component listed below. In comparing these financial proposals, it is our opinion that those proposed fees and costs which the bidders control deserve the most attention. Further, the RFP assumes but does not require that the successful bidder purchase/procure fuel itself. The RFP requires only that the bidder deliver CNG to the fueling stations at a usable level of compression. The cost of fuel, therefore, while relevant to the calculation of projected savings, may be removed from the final contract should Miami-Dade decide to purchase CNG fuel itself.

Categories listed for each proposal are those categories identified by the proposers themselves for cost and benefit. Compression, while a component of CNG delivery, is not included as a per Therm cost in the respondents' price build up. Rather, it is assumed that the cost of compression is built into either the cost of delivery or operations and maintenance fees provided by the bidders. Additionally, the RFP requested fuel price information in "per Therm" units. Each proposer's quoted fees or prices are displayed in per Therm units when provided and include Diesel Gallon Equivalent ("DGE") conversions noted in parentheses. The following list identifies committed costs and fees, projected assumptions and estimated results included in the three bidders' responses to RFP 00096:

#### Proposed Fees & Costs

- Fuel Delivery Fee for Central Bus Facility
- Operations & Maintenance Fee for Central Bus Facility
- Royalty Fee for 3<sup>rd</sup>-party sales
- Cost of Renovation of Central Bus Facility (Fueling and Maintenance & Operations Infrastructure)
- Cost of Renovation of Additional Facilities (Coral Way & Northeast Facilities)
- Cost of Buses (per bus)
- Total Cost for Buses and Infrastructure

#### Projected Fees & Costs

- Interest Rates on Borrowed Funds
- Electricity Cost
- Fuel Prices (Diesel & CNG)

#### Projected/Estimated Results

- Total Projected Cost for Buses and Infrastructure Inclusive of Borrowing Costs
- Projected Annual Payments
- Total Royalty Fee Revenue
- Fuel Savings (Based on Projected Difference in Diesel and CNG fuel costs)<sup>1</sup>

---

<sup>1</sup> Also affected by tax policy: Currently, under federal law CNG – as a "green" alternative fuel – is eligible for a \$0.40 per therm (\$0.54 per diesel gallon equivalent) tax credit, which reduces CNG costs to Miami-Dade by that amount. Extension of this tax credit is dependent on Congressional action to renew it.

RFP00096-CNG Program for MDT		Clean Energy	Trillium		Nopetro/OHL
Proposed Fueling Related Fees					
Central Bus Facility Fueling Fees					
Fuel Delivery Fee (per Therm)	\$0.133 (\$0.1842 per DGE)		-		\$0.18 (\$0.2493 per DGE)
Operations & Maintenance (per Therm)	\$0.25 (\$0.3462 per DGE)		\$0.18 (\$0.2493 per DGE)		\$0.22 (\$0.3047 per DGE)
Royalty Fee for 3 <sup>rd</sup> -Party Sales	\$0.47 per Therm (\$0.651 per DGE) <sup>1</sup>		\$0.35 per GGE (\$0.3976 per DGE) <sup>2</sup>		\$0.47 per Therm (\$0.651 per DGE) <sup>1</sup>
Central Bus Facility Construction Costs					
Fueling Infrastructure	Did not provide individual infrastructure costs.		Base CNG Station: \$11.2M Alternate Design (Hy-C & 4500 scfm): \$9.1M (pg. 1843)		New CNG Service Station: \$7.2M (Adder: \$0.17 per Therm; \$832k Annual Payment) Renovated CNG Service Station: \$6.4M (Adder: \$0.15 per Therm; \$741k Annual Payment) <sup>3</sup>
Maint. & Op. (Non-Fueling) Infrastructure	Did not provide individual infrastructure costs.		Mods for O&I and Heavy Maint. buildings: \$1.2M (pg. 1843)		Modernize Preventative Maintenance Building: \$3.2M (Adder: \$0.08 per Therm; \$375k Annual Payment) Modernize Major Overhaul Building: \$1.5M (Adder: \$0.03 per Therm; \$178k Annual Payment) <sup>3</sup>
Total Central Bus Facility	Infrastructure Cost: \$16,830,174		\$12.4 million (or \$10.3 million)		\$11.9 million
Additional Facilities Construction Costs					
Coral Way	Not provided.		Not provided.		New CNG Service Station: \$7.0M (Adder: \$0.17 per Therm; \$874k Annual Payment) Renovated CNG Service Station: \$6.0M (Adder: \$0.16 per Therm; \$763k Annual Payment) ^Modernize Preventative Maintenance Building: \$2.9M (Adder: \$0.07 per Therm; \$335k Annual Payment) <sup>3</sup>
Northeast	Not provided.		Not provided.		New CNG Service Station: \$7.5M (Adder: \$0.18 per Therm; \$813k Annual Payment) Renovated CNG Service Station: \$6.6M (Adder: \$0.14 per Therm; \$700k Annual Payment) ^Modernize Preventative Maintenance Building: \$2.9M (Adder: \$0.07 per Therm; \$330k Annual Payment) <sup>3</sup>
Bus Cost (Per Bus)	Gillig (\$535,941) <sup>4</sup>	New Flyer	Gillig (\$535,941) <sup>5</sup>	New Flyer (\$530,233) <sup>5</sup>	\$514,000
Training, Manuals, Tooling & Diag., Service Rep.	Included	No price estimate provided.	Included	\$2,885.45 <sup>6</sup>	
Electric HVAC	\$13,163		\$13,163	\$19,313	
Sentry Ultracapacitor	\$5,427		\$5,427	-	
Power Ultracapacitor	\$3,897		\$3,897	\$3,666	
Delete Front Cap	-\$9,790		-\$9,790	-	
Graham White Air Dryer	-		-	\$1,256	
Other Bus Add-ons					
Notes	Estimated Price: \$548,120 <sup>7</sup>	Estimated Price: \$548,120 <sup>7</sup>			\$499,000 w/ Approved Equals
Bus Count (RFP: "Up to 300 CNG buses") <sup>8</sup>	279 (pg. 2005)		280 (pg. 1752)		300 (pg. 415)
Total Cost - (Buses Phase 1 & Central Facility)	\$169,755,704 (\$152,925,530 & \$16,830,174) <sup>9</sup>		\$161,664,360 (\$149,264,360 & \$12,400,000) <sup>10</sup>		\$166,100,000 (\$154,200,000 & \$11,900,000) <sup>11</sup>

RFP00096-CNG Program for MDT		Clean Energy	Trillium	Nopetro/OHL
Projected Fees & Costs				
Interest Rates on Borrowed Funds	4.50%	New Flyer TE (2.5%); Gillig TE (2.94%) 3.5% for Facility Financing (pg. 1843)	2.4% - 2.85%	
Term (Years)	10	New Flyer TE (10); Gillig TE (12); Infrastructure (10)	12	
Electricity (Cost per Therm)	\$0.102 (\$0.1413 per DGE)	\$0.08 (\$0.1108 per DGE)	Not provided. <sup>12</sup>	
Gas Commodity Price (per Them)	\$0.679 (\$0.9403 per DGE)	\$0.65 (\$0.9002 per DGE)	\$0.53	
Fuel Prices & Growth	Diesel: \$3.51 per gallon (per RFP); CNG: \$1.62 per DGE <sup>13</sup> Diesel: 5% Annually; CNG: 1% Annually	Diesel: \$2.84/DGE (2015); \$3.00/DGE (2018); \$3.73/DGE (2023) CNG: \$1.24/DGE (2015); \$1.44/DGE (2018); \$1.61/DGE (2023)	-	
Projected/Estimated Results				
Total Est. Projected Costs - Buses & Infrastructure (Incl. of Borrowing Costs)	Vehicles: \$195 million Infrastructure: \$25 million Vehicles & Infrastructure: \$220 million <sup>14</sup>	Vehicles: \$167,949,600 Infrastructure: \$14,714,220 Vehicles & Infrastructure: \$182,663,820 <sup>15</sup>	Vehicles: \$182,723,255 Infrastructure: \$8,299,907 & \$3,735,276 Vehicles & Infrastructure: \$188,237,119 <sup>16</sup>	
Est. Annual Payments (Inclusive of Borrowing Costs)	Vehicles: \$19.5 million Infrastructure: \$2.5 million Vehicles & Infrastructure: \$22 million <sup>14</sup>	Vehicles: New Flyer (\$59,982 per vehicle, 10 years) Gillig (\$53,056 per vehicle, 12 years) Infrastructure \$1,471,422 (pg. 1843) Vehicles & Infrastructure: \$18,266,382 <sup>15</sup>	Vehicles: \$15,260,975 (12 years at 2.75%) Infrastructure: \$832,218 & \$374,530 (10 years at 2.75%) Vehicles & Infrastructure: \$15,813,841 <sup>16</sup>	
Projected Royalty Revenue	\$1.4 million on approximately 2.98 million Therms sold in 10-year term - 650,000 Therms per year by year 10 (pg. 2004).	Over \$2 million in 10-year term (pg. 1847).	Not provided.	
CNG Savings (Based on Diesel vs. CNG costs)	\$48.3 million at Central. <sup>17</sup>	Over \$50 million at Central (pg. 1855).	+\$10 million annually for Central and Northeast (pg. 235).	

1. 1 DGE = 1.3849 Therms (based on an industry source)

2. 1 DGE = 1.136 GGE (based on <http://www.nat-g.com/why-cng/cng-units-explained/>)

3. (Pg. 412-15) Total Cost (not incl. Borrowing Costs) of new CNG service stations and modernization of Preventative Maintenance Buildings at Coral Way and Northeast is \$20.3 million

4. Estimated Price (CE 96 Proposal pg. 1672)

5. Bus Base Price (Trillium 96 Proposal pg. 1841)

6. Trillium/New Flyer proposal included a cost for Training, Manuals, Tooling & Diagnostics, Service Rep. of \$807,926, or \$2,885 per bus.

7. Based on Term Sheet (pg. 2005)

8. Bus Count impacts each bidder's projected total cost.

9. Based on Term Sheet (pg. 2005)

10. Based on average cost of listed prices for Gillig & New Flyer buses w/out Additions. Similar assumption for bus interest rate.

11. Based on 300 buses x \$514,000 and new Central station & building modernization.

12. As per oral presentation, built into O&M (approximately \$0.08 - \$0.09).

13. Based on Term Sheet (pg. 2006); Notes use of CNG price (assumed net of tax) is based on RFP.

14. Estimated from charts on pgs. 1998-1999

15. Based on annual payments from New Flyer TE case (pgs. 1842-1843). (\$59,982 x 10 years x 280 buses)+(\$1,471,422 x 10 years)=\$182,663,820.

Municipal Services Group/Gillig has 12-year tax exempt rate (2.94% TIC) with semi-annual payment of \$8.7 million (pg. 1838).

16. Based on annual payments from pgs. 421-426. New Central CNG Service Station and Central Maintenance Facility Modifications.

17. Based on pg. 1999 chart, savings grows from approximately \$1.5 million in Year 1 to approximately \$9.5 million by Year 10.

Note: Inserted sticky notes contain amended amounts read into the record at the committee meeting.